GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:777
ANSWERED ON:22.11.2002
TAX EXEMPTION TO FOREIGN COMPANIES
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government are providing customs duty and income tax exemption to the foreign companies with whom agreement have been signed for exploration of petroleum products;

(b) if so, the details thereof;

(c) the total exemption granted to such companies during the last three years;

(d) the total loss suffered by the Government exchequer on this account; and

(e) in which way the Government are filling this gap of customs duty and income tax exemption?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI GINGEE. N. RAMACHANDRAN)

(a) Yes, Sir.

(b) The Government is providing customs duty exemption to foreign companies in respect of raw materials/parts used for manufacture of goods for the purposes of off-shore oil exploration. Exemption is also available on specified goods required in connection with petroleum operations and coal-bed methane operations undertaken under specified contracts subject to certain conditions. Under the provisions of the Income Tax Act, expenditure by way of infructuous or abortive exploration expenses in respect of any area surrendered prior to the beginning of commercial production is allowed as a deduction. Foreign companies are also entitled to tax benefits as per the provisions of bilateral Double Taxation Avoidance Agreements (DTAAs) between India and various other countries.

(c) The information is being collected and will be laid on the Table of the House.

(d) Exemption granted does not amount to revenue loss.

(e) Does not arise.